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JOB SERVICE

Washington State
Employment Security Department
Isiah Turner, *Commissioner*

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the Employment and
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Washington Labor Market

Volume 9, Number 10 October 1985

HIGHLIGHTS

Employment up 12,600

Total employment in Washington State increased 12,600 between August and September largely due to seasonal factors. The major development over the month was the beginning of a new school year. Schools and colleges rehired thousands of bus drivers, cafeteria workers and other noncertificated employees who were laid off in June when the regular school year ended. Regional and county fairs also contributed to the expansion, especially the Western Washington Fair in Puyallup. This fair is one of the largest in the nation and provides thousands of temporary jobs during its 17-day run.

	Sept. 1985* (Prel.)	Aug 1985* (Rev.)	Sept. 1984
Civilian Labor Force	2,111,400	2 109,000	2,054,700
Total Employment	1,959,500	1,946,900	1,885,700
Total Unemployment	151,900	162,100	169,000
State Unemployment Rate	7.2	7.7	8.2
National Civilian Unemployment Rate	6.9	6.9	7.1

*These data represent alternative estimates of labor force conditions developed by the State Employment Security Department. They are more comparable with data released in previous years than are the official Bureau of Labor Statistics' estimates developed for federal program purposes. (Data in this table are not seasonally adjusted.)

Other developments included seasonal growth in food processing and apple packing and a continuation of the expansion in aerospace. Agricultural employment rose sharply in eastern Washington with the beginning of the apple harvest, but the increase was offset by the end of the raspberry harvest west of the Cascades. Nonagricultural wage and salary employment was up 15,500 over the month.

Employment up 73,800 Over the Year

Although most of the August-September gain in employment resulted from seasonal growth, total employment in the state has expanded at a brisk pace over the year. Total employment at mid-September was up 73,800, or 3.9 percent, over the year. Nationally, total employment advanced 1.8 percent year-to-year, less than half of the growth rate in this state. Nonagricultural wage and salary employment moved up 44,400 in Washington State over the year. Most of the new jobs were in the nonmanufacturing industries, but manufacturing firms added 6,000 workers.

Services Lead Job Expansion

In the nonmanufacturing group, services employment rose 16,300 to post the largest gain over the year. Major growth in the services group was credited to business services and health services. Retail trade establishments contributed 12,600 to the job expansion, with eating and drinking places showing the greatest growth.

Year-to-year increases in other nonmanufacturing industries included gains of 6,200 in construction, 2,600 in wholesale trade and 2,400 in finance, insurance and real estate. Public education was down 8,000 year-to-year, but this partially resulted from the strike by Seattle school teachers. Approximately 3,700 teachers were involved in the dispute. In addition, the delayed beginning of the school year in Seattle postponed the rehiring of cafeteria workers and other noncertificated personnel there. The dispute was settled in late September. The gain in wholesale trade was partially due to an earlier than usual apple harvest; employment at fruit wholesale houses was up substantially over the year in September.

Aerospace Jobs Up 9,000 Over the Year

In the manufacturing industries, aerospace continued to lead the over-the-year expansion with a gain of 9,000 jobs. Fabricated metal products and the canned and preserved foods industry added 1,200 each. Other increases included 600 in printing-publishing, 900 in chemicals and 400 in other durable goods. Year-to-year growth in chemicals occurred largely in the nuclear industry at Hanford.

Lumber Industry Remains Depressed

Partially offsetting gains in manufacturing were over-the-year losses of 3,000 in lumber-wood products, 1,100 in primary metals, and 1,900 in other transportation equipment--largely shipbuilding. The lumber industry remains depressed

because of competition from Canada and over-capacity. The drop in metals resulted from depressed aluminum prices stemming from foreign competition and the closure of the Asarco refinery in Tacoma earlier this year. Shipbuilders continue to face a variety of problems--foreign competition, competition from shipyards on the East and Gulf coasts which pay lower wages and a decline in the demand of new ships.

Unemployment Down

Unemployment in Washington State dropped from 162,100 and 7.7 percent of the labor force in August to 151,900 and 7.2 percent in September. The reduction resulted from the seasonal expansion in employment and a decline in the number of unemployed youth. Many jobless youth withdrew from the labor force at the beginning of the school year. The decrease in total unemployment was about normal for this time of the year. The seasonally adjusted jobless rate did edge up, from 8.0 to 8.1 percent, but rates in both months were the lowest in five years.

Unemployment Down More In State Than Nationally

Over the past year, unemployment in Washington State, on an unadjusted basis, declined 17,100, while the jobless rate dropped a full point, from 8.2 to 7.2 percent. The relative reduction in Washington State was considerably greater than that which occurred nationally. For the nation, the jobless rate dropped only two-tenths of a point, from 7.1 to 6.9 percent. The strong expansion in aerospace is partially responsible for the sharper unemployment reduction in the state. Also, the adverse impact of imports in this state is partially offset by jobs created in the state in handling the incoming goods and distributing them around the nation.

Local Area Developments

Apple Harvest Reduces Unemployment In Eastern Washington

Unemployment fell in nearly all areas of the state between August and September. The largest reductions, however, occurred in areas of eastern Washington where the apple harvest was underway. Typical of these areas were Yakima County where the unemployment rate fell from 12.2 to 9.8 percent; Okanogan County where the rate dropped from 16.5 to 13.2 percent; and in the Wenatchee Labor Area, where the jobless rate was reduced from 11.9 to 7.7 percent over the month.

Change In Lumber Areas Mixed

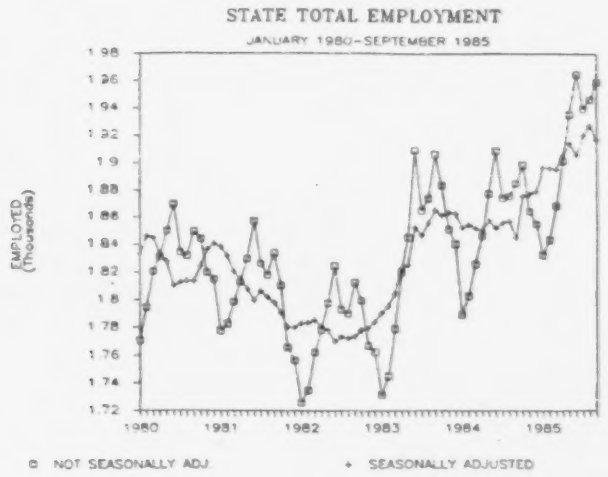
Changes in unemployment in counties with economies largely dependent on the lumber industry turned in mixed results over the month, and their combined rate in September of 10.4 percent was well above the statewide average of 7.2 percent. In Clallam and Cowlitz counties, the jobless rates edged up one-tenth of a point over the month. Jefferson County's rate was unchanged. The rate in Wahkiakum County jumped from 11.7 to 12.5 percent, but, numerically, unemployment in this small county increased only by 10 jobs, from 140 to 150. In other lumber areas, the rate in Grays Harbor County fell slightly, while more

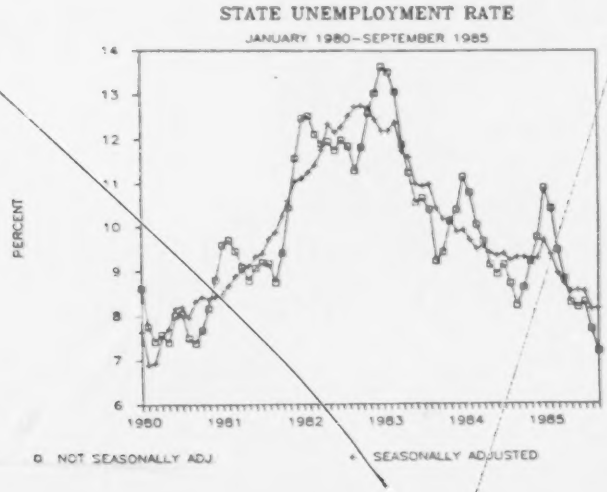
sizable reductions were noted in Lewis, Mason, Pacific, Pend Oreille, and Skamania counties.

Seattle's Rate Remains Well Below Nation's

Unemployment rates also dropped in the state's metropolitan areas between August and September, but less than statewide. In the Seattle Metropolitan Area, the jobless rate fell only two-tenths of a point, but at 6.2 percent in September it remained well below the statewide rate (7.2 percent) and the national rate (6.9 percent).

In other major metropolitan areas, Tacoma's rate fell from 8.4 to 8.0 percent, while Spokane's rate dipped from 7.3 to 6.9 percent. In the Tri-Cities area, however, unemployment fell nearly a full point to 7.8 percent in September because of the hiring of temporary construction workers at Hanford.





MANUFACTURING INDUSTRIES

Aerospace Continues to Climb

Aerospace continued its expansion with a gain of 900 in September and the outlook remains promising. The Boeing Company announced that during the first nine months of this year it delivered 143 commercial jets compared with 92 for the corresponding period in 1984. Current schedules include the delivery of 58 additional airplanes in the final quarter of this year. Boeing expects its total sales this year to be about $13.5 billion, up from $10.35 billion in 1984. The firm's order backlog at the end of September was $22.6 billion, up from $22 billion at the end of September 1984. Commercial orders account for 73 percent of the backlog this year; the remainder are orders from the Defense Department.

$2 Billion Order For Boeing

Recent developments include an order in October for 10 Boeing 747-400s and 10 Boeing 757-200s from Northwest Airlines valued at over $2 billion. The aircraft will be delivered from 1986 through 1990. According to a Boeing spokesman, the order does not necessarily mean any new jobs, but it will help maintain the firm's existing job level.

Hygrade to Close Tacoma Plant

Canneries and other food processing plants added 1,200 workers between August and September. The increase was seasonal and about normal for this time of the year. The workers were hired to help process pears, potatoes, corn and other vegetables. In a more significant development, Hygrade Food Products Corporation announced in October that they would close their Tacoma plant in approximately six months. The plant employes about 400 workers. According to a company spokesman, the Tacoma plant was only marginally profitable and is unable to successfully compete with more modern operations elsewhere in the country. The relatively high wages at the plant and the cost of complying with environmental regulations were cited as partial reasons for the decision to close the plant.

Lumber Employment Remains Depressed But One Mill Reopens

Lumber employment fell 600 in September with losses in all three major segments of the industry; logging, sawmills, and plywood plants. The Weyerhaeuser Company, however, reopened its Green Mountain plant in Longview in October under a new union agreement which ties wages to production and profit. Some jobs were combined before reopening, but 109 of the mill's 125 employees were scheduled to return to work. According to the mill manager, the workers could earn the same base pay as before the closure if the market is good and productivity is high. In the worst case scenario, however, they could take a $4.60 an hour pay cut. Average pay and benefits for the workers prior to the closure in March was $19.50 an hour.

Commonwealth Aluminum Lays Off 120

Aluminum employment was unchanged over the month but down 600 over the year. In Goldendale, the Commonwealth Aluminum Company announced in October that it was reducing its production to 60 percent of capacity and laying off 120 workers. The company's Northwest operations manager said that the plant was losing money.

Layoff In High-Tech Too

High-Tech firms are not immune from layoffs either. In October the SEH America Inc. plant in Vancouver laid off 185 workers because of slumping sales of semi-conductors. The 185 workers laid off represented 25 percent of the company's work force.

NONMANUFACTURING INDUSTRIES

School Days

The beginning of the new school year added 10,600 jobs in government in September. While large, the increase was less than normal because of the labor dispute in the Seattle Public Schools. The conclusion of many summer employment programs for youth (Work-Experience Program, etc.) and the end of summer jobs in parks and recreation partially offset the gains in public education and limited the overall increase in state and local government to 5,800. Federal civilian employment fell 800 over the month, partially because of seasonal layoffs at parks and forests.

Services employment rose 4,000 in September to post the second largest gain in nonmanufacturing. Employment in amusements expanded because of county and regional fairs, but the largest increase in services resulted in the beginning of the regular academic year at private schools and colleges.

Retail Trade Up

Retail trade payrolls rose 1,900 in September. Most of the gain occurred at eating and drinking places. Fairs contributed to the increase here as did establishments which contract with schools to provide food services. Employment at gasoline stations, however, declined because of a seasonal slowdown in tourist business. Wholesale trade employment rose 2,600 over the month with approximately 70 percent of the gain at wholesale fruit and vegetable houses. Additional workers were hired to pack, store and ship this year's apple crop.

School Buses Rolling Again

Employment in transportation, communications and utilities rose 800 in September. Payrolls in air and water transportation were up, but the major gain was at private firms which operate school buses for local schools.

Construction Continues Up

Construction employment edged up 400 between August and September and was up 6,200 over the year in the latter month. According to F. W. Dodge, the value of construction projects for which permits were obtained totaled $3.4 billion in Washington State for the first three quarters of 1985. The total for the comparable period in 1984 was $3.0 billion. The major year-to-year increases were in street and highway construction, up 47 percent, and in commercial building construction, up 44 percent. The value of residential construction was up 6 percent, but all of the increase was in multi-family dwelling. The number of permits for single family houses issued for the first nine months of this year was down 5 percent from the similar period in 1984.

NATIONAL CONTEXT

Signals Mixed

Economic indicators continued mixed for the nation's economy. The Gross National Product (GNP) for the third quarter was up substantially from earlier quarters of this year, but the Index of Leading Economic Indicators rose weakly in September. Housing starts declined and the trade deficit rose.

GNP Up

The GNP, the nation's broadest measure of economic activity, grew at an annual rate of 3.3 percent in the third quarter, up from a gain of only 1.1 percent in the first half of the year. The increase largely came from an upturn in final sales resulting from additional automobile sales. Auto sales, however, were high in August and September mainly because of cut-rate financing incentives. Higher final sales offset the impact of a 4.7 percent third quarter drop in business investment spending. Capital spending has been cut back by many firms because of weakening profits.

Trade Deficit Grows

While consumers were spending freely, much of that spending continued to be on imported goods. September imports totaled $33.3 billion and exports were $17.7 billion, resulting in a deficit of $15.6 billion. Japanese automobiles, European steel, and foreign oil were the major items contributing to the deficit.

Efforts to help correct this nation's trade deficit by the U.S., Japan, West Germany, England and France by driving down the dollar's value relative to other currencies has had some impact. In October and November the value of the dollar dropped 10 percent against most major currencies. At the beginning of November, the dollar fell to a 4½ year low against the Japanese Yen. According to many analysts, however, it is likely to be late next year before the dollar's decline has much effect on U.S. trade deficit.

Leading Indicator Index Up Slightly

The Index of Leading Economic Indicators rose a slight 0.1 percent in September, sharply lower than in August (up 0.9 percent) and July (up 0.7 percent). The change in the leading indicators may be pointing to a less buoyant economy in the months ahead. The weak gain in September resulted from a drop in business and consumer borrowing, lower stock prices, a decline in new business formation, a rise in weekly claims for unemployment compensation, and a decline in orders for manufactured goods. Offsetting these negative changes were a rising money supply, increased orders for plant and equipment, a longer work-week, an increase in building permits and a slight increase in sensitive material prices.

Housing Starts Tumble

In other developments, national housing starts fell 9.3 percent to an annual rate of 1.58 million units in September. Starts for single family homes fell 10.4 percent, while starts on apartments dropped 7.6 percent. In the western United States, total starts were down even more, 16.6 percent. The West, of course, is the major market for this state's lumber industry.

Analysts, however, believe housing construction will increase in subsequent months because of a rise in building permits. Permits for new housing units rose in both August and September and stood at an annual rate of 1.8 million units in September.

CONSUMER PRICE INDEX

(All Items, Urban Consumers, 1967=100)

	INDEXES			PERCENT CHANGE Year Ending	
	Sept. 1985	Aug. 1985	Sept. 1984	Sept. 1985	Aug. 1985
U.S. City Average	324.5	323.5	314.5	3.2	3.6
Seattle-Everett	321.8	N/A	316.5	1.7	N/A

NONAGRICULTURAL WAGE & SALARY WORKERS IN WASHINGTON STATE, PLACE OF WORK 1/

(In Thousands)

NOT SEASONALLY ADJUSTED	Sep. 1985 (Prel.)	Aug. 1985 (Rev.)	Sep. 1984 (Rev 4/)	Aug. 1984 (Rev 4/)	Numerical Change: Aug. 85 to Sep. 85	Numerical Change: Sep. 84 to Sep. 85
TOTAL NONAG. WAGE AND SALARY.	1,713.4	1,697.9	1,669.0	1,643.7	+15.5	+44.4
TOTAL MANUFACTURING.....	298.3	296.1	292.3	291.0	+2.2	+6.0
Durable Goods.....	204.5	203.5	201.3	200.3	+1.0	+3.2
Lumber & Wood Products....	38.0	38.6	41.0	41.4	-0.6	-3.0
Furniture & Fixtures.....	3.3	3.1	3.4	3.3	+0.2	-0.1
Stone Clay & Glass Prod...	6.6	6.6	6.8	6.8	0.0	-0.2
Primary Metal Industries..	12.0	12.0	13.1	13.0	0.0	-1.1
Aluminum Prod.& Proc.....	7.8	7.8	8.4	8.5	0.0	-0.6
Fabricated Metal Prod.....	11.1	10.9	9.9	9.9	+0.2	+1.2
Machinery.....	27.6	27.4	28.0	27.9	+0.2	-0.4
Machinery exc. Elect.....	15.6	15.4	16.2	16.3	+0.2	-0.6
Electrical & Electronic..	12.0	12.0	11.8	11.6	0.0	+0.2
Transportation Equipment..	91.1	90.1	84.0	83.1	+1.0	+7.1
Aerospace.....	77.9	77.0	68.9	67.9	+0.9	+9.0
Other Transp. Equip.....	13.2	13.1	15.1	15.2	+0.1	-1.9
Instruments & Rel. Prod...	10.4	10.3	10.3	10.3	+0.1	+0.1
Misc. Manufacturing Ind...	4.4	4.5	4.8	4.6	-0.1	-0.4
Nondurable Goods.....	93.8	92.6	91.0	90.7	+1.2	+2.8
Food & Kindred Products...	34.7	33.6 3/	34.0	33.2	+1.1	+0.7
Canned & Preserved Foods.	15.1	13.9	13.9	12.6	+1.2	+1.2
Apparel & Other Text.Prod.	6.5	6.5	6.5	6.4	0.0	0.0
Paper & Allied Products...	16.2	16.5	16.0 3/	16.7	-0.3	+0.2
Printing & Publishing.....	17.3	17.0	16.7	16.7	+0.3	+0.6
Chemicals & Allied Prod...	11.5	11.4	10.6	10.3	+0.1	+0.9
Other Nondurable Goods 2/.	7.6	7.6	7.2	7.4	0.0	+0.4
MINING & QUARRYING.....	2.9	2.9	2.7	2.8	0.0	+0.2
CONSTRUCTION.....	89.8	89.4	83.6	83.2	+0.4	+6.2
TRANS.& PUBLIC UTILITIES....	94.3	93.5	92.6	92.3	+0.8	+1.7
WHOLESALE & RETAIL TRADE....	427.8	424.5	412.6	409.2	+3.3	+15.2
Wholesale Trade.....	108.0	106.6	105.4	103.8	+1.4	+2.6
Retail Trade.....	319.8	317.9	307.2	305.4	+1.9	+12.6
FIN. INS. & REAL ESTATE.....	97.9	98.2	95.5	95.8	-0.3	+2.4
SERVICES.....	373.8	369.8	357.5	353.3	+4.0	+16.3
GOVERNMENT.....	328.6	323.5	332.2	316.1	+5.1	-3.6
Federal.....	70.1	70.8	69.9	71.3	-0.7	+0.2
State & Local.....	258.5 3/	252.7	262.3	244.8	+5.8	-3.8
Education.....	126.0 3/	115.4	134.0	110.0	+10.6	-8.0
(WORKERS IN LABOR-MANAGEMENT DISPUTES).....	3.7	0.2	0.3	0.0	+3.5	+3.4

1/ Excludes proprietors, self-employed, members of armed forces, and private household employees. Includes all full- and part-time wage and salary workers receiving pay during pay period including the 12th of the month.

2/ Includes textile mill products, rubber and miscellaneous plastic products, petroleum refining and related products, and leather products.

3/ Excludes workers involved in labor-management disputes.

4/ Revised in May 1985 due to corrections involving Education. The 1983 and 1984 annual tables have been revised and are available.

Washington State
Employment Security Department
Labor Market and Economic Analysis Branch

RESIDENT LABOR FORCE AND EMPLOYMENT
IN WASHINGTON STATE AND LABOR MARKET AREAS

Date: October 24, 1985
Benchmark: 1984

(Not Seasonally Adjusted)

	September 1985 Preliminary 1/				August 1985 Revised 1/				September 1984 Revised			
	Labor Force	Employment	Unemployment	Unemp. Rate	Labor Force	Employment	Unemployment	Unemp. Rate	Labor Force	Employment	Unemployment	Unemp. Rate
Washington State Total	2,111,400	1,959,500	151,900	7.2	2,109,000	1,946,900	162,100	7.7	2,054,700	1,885,700	169,000	8.2
Bellingham MSA	53,000	48,900	4,100	7.7	53,900	49,600	4,300	8.0	49,400	44,500	4,900	9.9
Bremerton MSA	65,700	61,900	3,800	5.8	65,500	61,600	3,900	6.0	64,600	60,500	4,100	6.3
Olympia MSA	62,500	57,800	4,700	7.5	63,100	58,300	4,800	7.6	59,700	54,300	5,400	9.0
Seattle PMSA	948,000	889,100	58,900	6.2	950,400	889,600	60,800	6.4	912,300	848,300	64,000	7.0
Spokane MSA	160,900	149,800	11,100	6.9	159,800	148,200	11,600	7.3	159,500	148,000	11,500	7.2
Tacoma PMSA	196,200	180,600	15,600	8.0	195,700	179,300	16,400	8.4	193,800	176,700	17,100	8.8
Tri-Cities MSA 2/	71,900	66,300	5,600	7.8	71,400	65,200	6,200	8.7	71,600	63,700	7,900	11.0
Vancouver PMSA	96,900	89,400	7,500	7.7	95,200	87,000	8,200	8.6	93,300	85,200	8,100	8.7
Yakima MSA	87,600	79,000	8,600	9.8	86,600	76,000	10,600	12.2	85,100	76,300	8,800	10.3
Adams	7,430	6,890	540	7.3	7,520	6,790	730	9.7	7,320	6,690	630	8.6
Asotin	8,620	8,030	590	6.8	8,150	7,550	600	7.4	8,040	7,430	610	7.6
Clallam	18,990	17,110	1,880	9.9	18,930	17,080	1,850	9.8	20,340	17,650	2,690	13.2
Columbia	1,900	1,730	170	8.9	2,000	1,820	180	9.0	1,670	1,490	180	10.8
Cowlitz	33,090	29,110	3,980	12.0	32,350	28,490	3,860	11.9	32,700	29,280	3,420	10.5
Ferry	2,640	2,390	250	9.5	2,570	2,300	270	10.5	2,560	2,240	320	12.5
Garfield	1,160	1,100	60	5.2	1,190	1,120	70	5.9	1,180	1,090	90	7.6
Grant	23,330	21,210	2,120	9.1	23,900	21,490	2,410	10.1	22,720	20,270	2,450	10.8
Grays Harbor	28,390	25,600	2,790	9.8	28,620	25,750	2,870	10.0	29,060	25,200	3,860	13.3
Island	16,900	15,950	950	5.6	17,000	15,950	1,050	6.2	15,640	14,410	1,230	7.9
Jefferson	6,830	6,340	490	7.2	6,830	6,340	490	7.2	6,890	6,290	600	8.7
Kittitas	10,720	9,900	820	7.6	10,570	9,750	820	7.8	10,660	9,660	1,000	9.4
Klickitat	6,720	6,000	720	10.7	6,780	5,970	810	11.9	6,890	6,180	710	10.3
Lewis	23,610	21,310	2,300	9.7	23,330	20,880	2,450	10.5	23,720	21,070	2,650	11.2
Lincoln	4,590	4,400	190	4.1	4,670	4,490	180	3.9	4,410	4,240	170	3.9
Mason	11,940	11,120	820	6.9	11,900	11,020	880	7.4	10,750	9,760	990	9.2
Okanogan	14,020	12,170	1,850	13.2	14,890	12,430	2,460	16.5	16,340	13,950	2,390	14.6
Pacific	6,570	5,780	790	12.0	6,810	5,880	930	13.7	6,840	5,850	990	14.5
Pend Oreille	3,950	3,430	520	13.2	4,060	3,490	570	14.0	4,160	3,750	410	9.9
San Juan	4,540	4,340	200	4.4	4,950	4,750	200	4.0	4,450	4,250	200	4.5
Skagit	33,800	30,610	3,190	9.4	35,550	32,220	3,330	9.4	33,210	29,170	4,040	12.2
Skamania	2,690	2,360	330	12.3	2,650	2,310	340	12.8	2,520	2,200	320	12.7
Stevens	11,630	10,350	1,280	11.0	11,730	10,410	1,320	11.3	12,050	10,630	1,420	11.8
Wahkiakum	1,200	1,050	150	12.5	1,200	1,060	140	11.7	1,180	1,030	150	12.7
Walla Walla	26,060	24,620	1,440	5.5	25,940	24,270	1,670	6.4	25,590	23,860	1,730	6.8
Wenatchee Labor Area 3/	41,270	38,100	3,170	7.7	38,540	33,970	4,570	11.9	37,600	34,140	3,460	9.2
Whitman	16,160	15,740	420	2.6	14,770	14,380	390	2.6	16,780	16,280	500	3.0

1/ Estimates provided here are for use as an economic time-series. Official Bureau of Labor Statistics' estimates, which must be used for Federal program purposes, are available upon request.

2/ The Tri-Cities MSA encompasses Benton and Franklin Counties.

3/ The Wenatchee Labor Area encompasses Chelan and Douglas counties.

NOTE: Detail may not add due to rounding.